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March 22, 2002

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Director, Utility Services
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Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

FILED³

MAR 22 2002

**Missouri Public
Service Commission**

RE: Case No. ER-2002-424

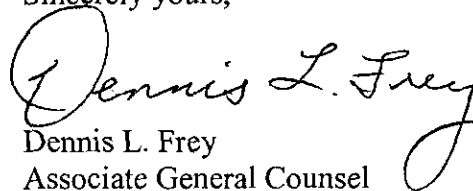
Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **JOINT RECOMMENDATION REGARDING TEST YEAR AND PROPOSED PROCEDURAL SCHEDULE.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,



Dennis L. Frey
Associate General Counsel
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DLF:ccl
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

MAR 22 2002

Missouri Public
Service Commission

In the Matter of The Empire District)
Electric Company of Joplin, Missouri for)
Authority to File Tariffs Increasing Rates)
for Electric Service Provided to)
Customers in the Missouri Service Area of)
the Company)

Case No. ER-2002-424

JOINT RECOMMENDATION REGARDING TEST YEAR
AND PROPOSED PROCEDURAL SCHEDULE

COME NOW The Empire District Electric Company ("Empire" or "Company"), the Staff of the Missouri Public Service Commission ("Staff"), Praxair, Inc ("Praxair"), and the Office of the Public Counsel ("OPC"), hereinafter to be known collectively as "the Parties," and for their Joint Test Year Recommendation And Proposed Procedural Schedule, respectfully state as follows:

1. On March 8, 2002, Empire filed with the Missouri Public Service Commission ("Commission") proposed tariff sheets bearing an effective date of May 15, 2002, designed to increase permanent rates for electric service provided to retail customers in its Missouri service area to produce an annual increase of approximately \$19,779,916 (8.51%) in the Company's gross annual electric revenues, exclusive of applicable fees and taxes.
2. On March 12, 2002, Praxair filed an application to intervene in this case. The Commission granted Praxair's request on March 15, 2002.
3. Prior to Empire's filing, the Company, Staff and OPC met for the purpose of discussing, among other things, test year and scheduling issues. The Staff then developed its

suggestions as to the appropriate test year and update period, as well as a procedural schedule consistent with the Commission's available hearing dates. The Company, Praxair and OPC agree with the Staff's recommendations. Therefore, the Parties join in recommending that the Commission establish the twelve months ended December 31, 2001 as the test year in this proceeding, with an update period ending June 30, 2002. In addition, in order to expedite the process of setting dates for the evidentiary hearing so as to avoid a potential problem therewith, the Parties hereby propose the following procedural schedule:

Procedural Schedule

Empire files Supplemental Direct testimony (reflecting the test year ending 12/31/01; update period will be reflected in Empire's September 24, 2002 filing.)	March 29, 2002
Intervention period closes	_____
Direct testimony-Rev. Requirement Issues (all parties other than Empire)	August 16, 2002
Direct testimony-Rate Design Issues (all parties other than Empire)	August 23, 2002
Prehearing Conference	September 9-13, 2002
Local Public Hearing – Joplin City Hall	September 17, 2002
Rebuttal testimony-All Issues (all parties [Empire's filing to reflect test year updated through 6/30/02], with a 10-day discovery turnaround after September 24, 2002)	September 24, 2002
Joint Statement of Issues, Order of Witnesses, Order of Cross- Examination and identification of relevant pages in testimony	October 1, 2002
Statement of Positions on the Issues (each party)	October 4, 2002
Surrebuttal/Cross-Surrebuttal testimony (all parties)	October 16, 2002
Reconciliation	October 23, 2002

Evidentiary Hearing

Oct. 28–Nov. 8, 2002

Transcript due

November 22, 2002

Initial Briefs

December 20, 2002

Reply Briefs

January 10, 2003

Operation-of-Law Date

March 12, 2003

4. As noted in Empire's Direct testimony filed in support of its requested rate increase, the Company plans an issuance of common stock in June of this year. This important element of Empire's case dictates the need to update the case through June 30, 2002.

5. In order to ensure that the other parties have sufficient time to review the case and prepare testimony, Empire agrees to make its books and records available to the other parties no later than July 15, 2002 for the update period January 1, 2002 through June 30, 2002, along with the following additional information:

- a) Empire's monthly kilowatt-hour sales for Missouri retail, Missouri wholesale, Oklahoma, Arkansas and Kansas;
- b) Empire's monthly system-wide net generation, energy purchases and sales, net system input and company usage;
- c) Empire's hourly off-system purchases and sales by transaction;
- d) Empire's monthly Missouri retail, Missouri wholesale, Oklahoma, Arkansas and Kansas load during the system peak hour;
- e) Monthly customer counts by rate schedule;
- f) Monthly individual customer billing data for each individual customer taking service under the Large Power Service or Special Transmission Service rate schedules that became active, became inactive, or significantly changed its usage during the period of time between the beginning of the test year and the end of the update period; and

g) Monthly individual customer billing data for each individual customer taking service under the Large Power Service or Special Transmission Service rate schedules for which billing data is not available in every month of the test year.

6. If Empire does not meet the July 15, 2002 deadline, the test year update will extend only through the latest calendar month for which the entirety of the information referenced in paragraph 5 above is available.

7. The above schedule provides for a Supplemental Direct filing by Empire on March 29, 2002, to reflect the test year ending December 31, 2001, the agreed-upon test year. The proposal also calls for the Company to update its case for the updated test year when Rebuttal testimony is filed.

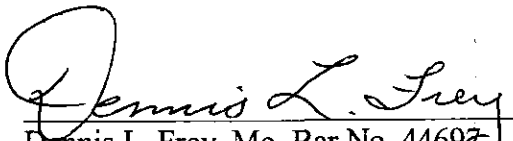
8. The proposed procedural schedule reflects the Parties' agreement that there will be no true-up in this proceeding.¹

WHEREFORE, the Parties respectfully submit the proposed procedural schedule set forth above, and request that it be adopted for this proceeding. The Parties further request that the Commission establish a test year of January 1 through December 31, 2001, with an update period ending June 30, 2002.

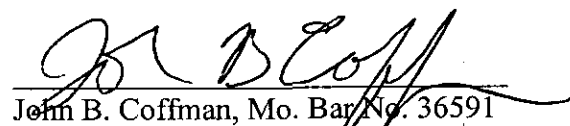
¹ The term "update" refers to the process of adjusting the test year for all material known and measurable changes occurring prior to a specified date after the end of the test year, but soon enough thereafter to be included in the Staff's direct testimony filing. A "true-up" permits the parties to adjust the test year for known and measurable changes that occur too late to be included in the main evidentiary hearing. The true-up process, which includes the filing of supporting testimony and a subsequent hearing, is normally limited to changes to specified items that occur prior to a predetermined date (the "true-up date"). The only items, in addition to the specified items, that may be considered in the true-up phase of a case are those items related to significant, unforeseen events that occur prior to the true-up date and can be audited during the time frame scheduled for the true-up audit. Normally, only the results of the true-up calculations are argued in the true-up phase. The methodologies used by the parties to calculate true-up adjustments are argued in the main evidentiary hearing.

Respectfully submitted,

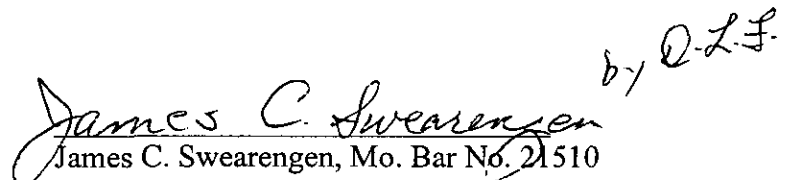
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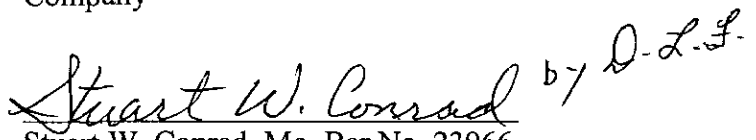
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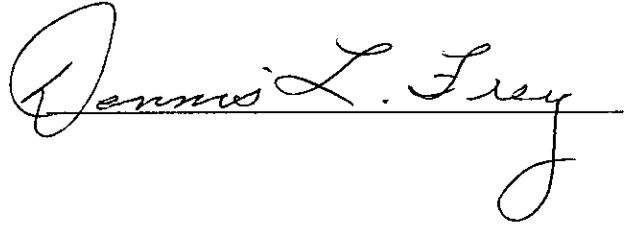
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 22nd day of March 2002.

A handwritten signature in cursive script, reading "Dennis L. Frey", is written over a horizontal line.

Service List for
Case No. ER-2002-424
Verified: March 22, 2002 (ccl)

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